

# The Legislative Fiscal Division

Presents:

Profile of...

## Public Service Regulation

State of Montana



Agency Profile

Oct. 2008

This agency profile will discuss...

- structure and funding
- primary functions and
- historical expenditures

The profile also includes information on how decision makers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at:  
<http://leg.mt.gov/css/fiscal/default.asp>

### General Fund Statewide Comparison FY 2008 (In Millions)



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

### Total Funds Statewide Comparison FY 2008 (In Millions)



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Section D  
Judicial Branch, Law Enforcement and Justice



## What the Agency Does

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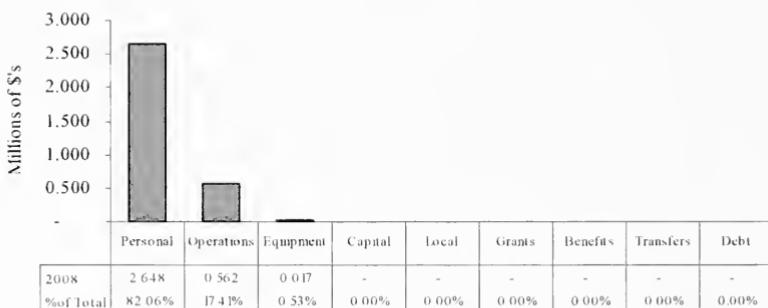
The Public Service Commission (PSC) regulates public utility and transportation industries operations in Montana. Five commissioners, elected from different geographic districts within Montana, oversee this program.



## How Services Are Provided

The Public Service Commission provides these services primarily through the employment of state FTEs, who perform rate and economical analysis relative to the entities regulated by the commission, and other technical and administrative duties.

### Public Service Regulation All Funds FY 2008

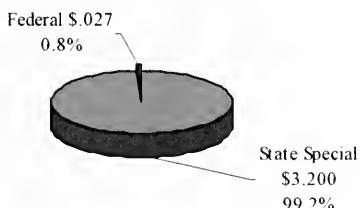


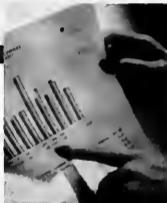
## How Services Are Funded



The PSC is funded primarily by a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation.

### Public Service Regulation Funding by Source 2008 (In Millions)





## Related Data & Statistics

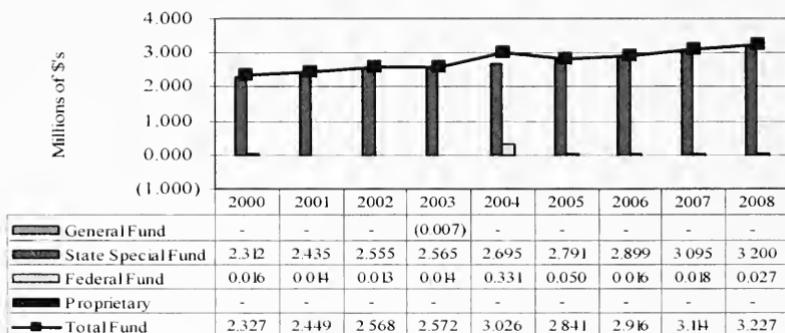
The following lists several pertinent statistics related to agency functions and/or customers.

Element	1998	2008	Significance of Data
Rate cases		194	Estimate dockets—an indication of workload. However, the amount of work required may vary greatly among dockets.

## Expenditure History



### Public Service Regulation Funding History



## Reasons for Expenditure Growth/Change

The average annual growth in Public Service Regulation expenditures was 4.2 percent between FY 2000 and FY 2008. This increase is consistent with the increase in personal services costs over the same time period. Personal services costs comprise about 82 percent of the expenditures by the agency with operating costs comprising the balance.

## Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

State Purposes	Major Agency Functions	Customers
<b>Consumer/Citizen Protection</b>	Utility, telecommunication, and transportation regulation	General public, consumers of services

## How the Legislature Can Effect Change



In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basis elements that drive costs.

PSR costs are mainly driven by personal services and related operating costs. Without major adjustments to PSR duties, future growth can be expected to loosely follow that of legislatively approved increases for the employee pay plan and inflationary costs. PSR costs may also be impacted by changes in the statutory duties or the types of entities designated by the legislature for regulation by the commission.



## Statewide Factors With Impact

- Economic Factors
  - Individual company activities, such as bankruptcy proceedings can increase the PSC need for outside consultants
- Legislative Factors
  - Legislative policy decisions affecting the regulatory duties of the PSC
- Executive or Management Factors
  - PSC decisions regarding the level at which to pursue, research, and investigate issues may impact costs
- Business Factors
  - Changes in business factors, including new technologies/ processes that require PSC involvement may impact costs



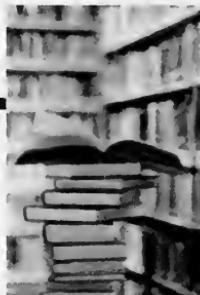
## Statutory References

The primary statutory references defining duties and responsibilities of the department are found at the following locations.

Created 69-1-102, MCA  
Title 69, MCA



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